

AR20

STANDARD PAVING & MATERIALS, LIMITED

ANNUAL REPORT

MARCH 31, 1968



Concrete pipe 90 inches in diameter, fabricated by Concrete Pipe Company, is being installed in a trunk storm sewer for the City of Welland. Each section of pipe is 6 feet long and weighs 18,100 lbs.

Clairson Construction Co. Ltd. are the contractors and R. V. Anderson Associates Ltd. the consulting engineers for the project, which will contain more than one mile of 72 inch to 96 inch pipe fabricated by Concrete Pipe Company.



STANDARD PAVING & MATERIALS, LIMITED

<i>Directors</i>	R. S. AIKEN	<i>Vice-President, Director and Treasurer of Canada Cement Company, Limited</i>
	S. C. COOPER	<i>President of C. A. Pitts General Contractor Ltd.</i>
	J. B. HANLY	<i>Vice-President of Canada Cement Company, Limited</i>
	I. L. JENNINGS	<i>Vice-President of the Company</i>
	D. G. LAWSON	<i>President of Moss Lawson & Co. Ltd.</i>
	J. H. REID	<i>Chairman of the Board of the Company</i>
	G. SCHOTCH	<i>President of the Company</i>
<i>Officers</i>	J. H. REID	<i>Chairman of the Board</i>
	G. SCHOTCH	<i>President</i>
	I. L. JENNINGS	<i>Vice-President, Aggregates</i>
	T. D. JONES	<i>Vice-President and Secretary-Treasurer</i>
	M. E. McRAE	<i>Vice-President, Concrete Products</i>
	R. F. TITUS	<i>Vice-President</i>
	E. J. WINTERS	<i>Comptroller</i>
<i>Registrar and Transfer Agents</i>	E. J. HADDEN	<i>Assistant Secretary-Treasurer</i>
	CANADA PERMANENT TRUST COMPANY	
<i>Auditors</i>	THORNE, GUNN, HELLIWELL & CHRISTENSON	
<i>Annual Meeting</i>	Thursday, July 4, 1968 at 11:00 a.m. (eastern daylight time), The Library, Royal York Hotel, 100 Front Street West, Toronto.	

HIGHLIGHTS OF THE PAST FIVE YEARS

	(thousands of dollars)				
	1968	1967	1966	1965	1964
Income for the year before income taxes	275	587	2,326	2,044	1,573
Provision for income taxes	25	445	1,177	1,039	760
	250	142	1,149	1,005	813
Minority shareholders' interest in income	—	—	—	—	115
Net income for the year *	250	142	1,149	1,005	698
Net income per share *	24¢	14¢	\$1.12	98¢	68¢
Dividends per share	20¢	62½¢	65¢	50¢	40¢
Depreciation and depletion	1,763	1,729	1,820	1,177	1,004
Capital expenditures (net) for new plant, etc.	675	2,345	4,745	1,538	1,548
Acquisition of new subsidiaries	—	—	1,397	304	182
Profit on disposal of property	861	—	236	—	365
Working capital	3,789	2,004	2,795	5,049	5,084

* excludes profits on disposals of property.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Review of Operations

The Company's operations during the year ended March 31, 1968 were seriously affected by labour strikes and work stoppages in the Toronto area during the best construction months of the year. Both their direct effect and the aftermath of disruption, dislocation and sharply higher labour costs, seriously reduced your company's sales and profitability.

Deliveries of ready mixed concrete ceased in the Toronto area early in June and were not resumed until the end of August. Meanwhile other construction labour unions had ceased work and negotiations for settlement with the various organizations concerned continued through September. A complete return to normal working conditions throughout the industry was not finally achieved until October.

Almost half your company's sales are made to the Toronto Metropolitan area and these were severely reduced in the first half of the fiscal year. However, housing and other construction in Toronto and the Province generally began to accelerate from July onwards and was maintained at a high level through the fall and winter months. Your company obtained its full share of this business and sales in the second half of the year were at a higher level than in the previous year.

Steadily rising interest rates during the year were accompanied by a significant increase in institutional financing of housing and other construction in the province. This played a large part in raising the volume of business available to a better level from October onwards. It also however added to your company's costs of doing business; because of the seasonal nature of the industry, your company is heavily dependent on short-term bank accommodation during the construction season and this is becoming continually more expensive.

Financial Summary

Total sales and construction revenues for the year at \$36,795,846 were \$4,129,127 less than the previous year's total of \$40,924,973. However all the sales decrease occurred in the first half of the year; second-half sales exceeded those of last year by \$1,497,279. The net income for the year was \$249,767 compared with \$141,710 in the previous year, increasing the earnings per share to 24¢ from 14¢. Before deducting depreciation and depletion and provision for income taxes earnings were \$2,037,668 or \$278,062 less

than those of the previous year. Depreciation and depletion for the year was \$1,762,901 compared with \$1,729,020. The provision for income taxes was \$25,000 compared with \$445,000; the tax provision is less than would normally be appropriate to the company's income before taxes, because of the application of prior years' losses of some subsidiaries.

Working capital at the end of the year was \$3,788,586 or \$1,784,749 more than at the end of the previous year and bank advances were down to \$45,704 from \$1,339,468. Disposal of properties and restriction of expenditures on plant and equipment contributed to the increase in working capital.

Dividends of \$204,859 on the 1,024,296 common shares outstanding amounted to 20¢ per share and consisted of quarterly dividends of 10¢ on July 1 and October 1, 1967. The dividends which would normally have been payable on January 2 and April 1, 1968 were omitted. Your company had 1,832 shareholders at the end of the year, compared with 1,959 a year previously.

Labour relations

Labour negotiations for the ready-mix and construction industries in Toronto opened early in the year under review in an unsettled atmosphere. Employer resistance to unusually high union demands resulted in the prolonged strikes of the summer of 1967. The settlements eventually reached were considerably greater than had been previously experienced in the industry, and were quite unrelated to any improvement in productivity. There is as yet no discernible trend towards a lessening of labour demands in contract negotiations for the current year, but every effort will be made to arrive at settlements equitable to all concerned. Whatever the result of these settlements, it is our view that a large part of any added burden must be reflected in higher construction costs.

Your company had 1,124 employees at the end of the year, compared with 1,122 a year previously. At peak season the number employed was 1,939 compared with 2,143 a year previously.

Corporate Structure

Your company's operations have for many years been carried on by a number of subsidiary companies; their names are widely known in the construction industry and represent an invaluable store of goodwill. Unfortunately, both income

tax and sales tax legislation in recent years has become increasingly hostile to the subsidiary form of organization, with a consequent increase in administrative problems and in artificial barriers to the most efficient use of available funds. To overcome these problems your company has, during the year under review, completed a reorganization of its corporate structure, culminating in the amalgamation on April 1, 1968 of all operating units (except National Sand and Material Company, Limited and Standard Paving Maritime Limited) into a single operating company, S.P. & M. Materials Limited, a wholly-owned subsidiary of your company Standard Paving & Materials, Limited. Each operating unit now forms a division of S.P. & M. Materials Limited, but retains its former trading style together with the valuable goodwill attached to it.

Property, Plant and Equipment

Net additions to property, plant and equipment during the year amounted to \$674,934 compared with \$2,344,673 during the previous year. Expenditures have been confined as far as possible to essential replacements. Other additions included the construction of a new headquarters near Halifax for Standard Paving Maritime Limited to replace its former property which was acquired by a statutory public works authority; the purchase of land in Hamilton on which one of our plants is located; and acquisition of new gravel properties to maintain our reserves at an adequate level.

The old Halifax property and a tract of surplus land in Ontario were advantageously disposed of. The special item of profit on disposals of property amounting to \$861,404, shown in the statement of income and retained earnings, includes these transactions.

Capital expenditures could not be continued for another year at the low level of the 1967-68 programme without injury to your company's efficiency. Expenditures contemplated in the current year will be at a higher level, and are expected to include a new concrete pipe plant at a site already acquired for that purpose in Toronto.

Aggregates

Sales of aggregates, predominantly to the Toronto Metropolitan area, suffered severely in the first half of the year from the effects of the construction stoppages. During that period production was continued at a lower level because of the difficulty of economically stockpiling very large quantities of sand and gravel. In the second half of the year sales built up to a high level and

through the winter months continued at a high rate. The regular winter repair programme was completed and has restored the plants to full efficiency. The S.S. "Charles Dick" continued its profitable operations of supplying marine sand, principally to U.S. customers on Lake Erie.

Production of sand and gravel on the scale at which your company operates uses up large quantities of land, and the maintenance of adequate reserves is one of our most constant pre-occupations. Sand and gravel are basic construction materials and indispensable for all types of structures, but they occur only where nature has placed them. Transportation is a major cost factor which frequently exceeds the pit price. The public interest is best served by ensuring that gravel deposits close to major population centres are utilized before the land is irrevocably committed to other uses. Your company is fully aware of its responsibilities in this field and of the need to retain the goodwill of the public towards its operations.

Ready-mix concrete and builders' supply

The total cessation of operations in Toronto for 2½ months of the 1967 construction season, in common with other operators, weighed heavily on first-half volume and earnings, but an upward trend of sales in the latter part of the year restored some of the lost ground. Operations elsewhere continued to be satisfactory and for the most part showed improvement over the previous year. Batch plants were opened at three new locations in the course of the year; further expansion is planned in the current season together with maintaining and enlarging a modern fleet of ready-mix trucks. Sales of concrete block were not seriously interrupted by the troubles of the rest of the industry and the concrete block plant again performed satisfactorily.

Concrete products

The demand for reinforced concrete pipe continued to grow, especially in the larger diameters, and we now have the capability of manufacturing all sizes of pipe up to 120 inches diameter. Both sales and earnings showed adequate improvement over the previous year. We are maintaining our policy of installing improved equipment to continue manufacturing a better product. After considerable research in an effort to develop "Deckon" sewer pipe in the last two years, we have reluctantly concluded that the Canadian market is not yet ready to accept it; we feel that eventually our participation in the project will be beneficial, but this may not be for several years. The small concrete pipe plant formerly operated

in Sudbury was closed in December; our customers in that area will be supplied directly from Toronto.

Construction

The 1967 construction season in Toronto had hardly started before labour troubles brought it to a standstill; when it resumed barely two months of the season were left. These expensive delays and the accompanying disruption and dislocation effectively blocked our planned completion of major construction contracts carried over from the previous year. However, some progress was made, although at heavy additional cost; satisfactory completion is now indicated in the current season. After many disappointments we are hopeful that a more satisfactory return will be obtained from the current year's construction operations.

Outlook for 1968/69

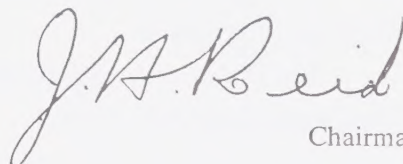
The past year did not turn out well, either for your company or for the construction industry in general. The present year shows some more encouraging signs, at least as far as your company is concerned. The improving trend of sales and orders which first became apparent about November has continued through into May; housing and apartment developers are responding vigorously to various initiatives to promote construction, aided by a more generous flow of funds into mortgage lending; and contract awards in the metropolitan area of Toronto are higher than in the same period last year. On the other hand, interest rates are still climbing, without any general easing of credit; the climate of labour negotiations and the temper of union demands by no means assure an uninterrupted operating season; and the political circumstances of the day are not making it easy for our governments to do the necessary planning of public investment in construction, as recommended by the Economic Council of Canada to lessen the cyclical tendencies of the construction industry. However, on balance we tend to believe that a return to a higher level of earnings may be looked for during the coming year.

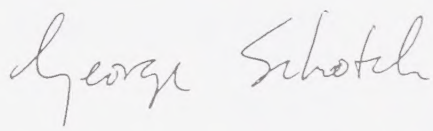
Appreciation and acknowledgement

In November your directors accepted with regret the resignation of Mr. J. A. Scythes from the board. Mr. Scythes had been a director for 21 years; his wise counsel and practical assistance throughout that period were greatly appreciated and will be sorely missed. Your board is fortunate in having Mr. S. C. Cooper, P.Eng., to succeed him. Mr. Cooper is President of C. A. Pitts General Contractor Ltd. and is well known and highly respected in the construction industry. His advice and assistance will be greatly valued by your directors.

Our employees have had to face many difficulties, discouragements and disappointments during the past year and have worked hard to overcome them. We join with the management in expressing our appreciation for their continued co-operation and loyalty. Their knowledge, skills and dedication are an essential element for the success of your company's operations.

On behalf of the board,


Chairman.


President.

Toronto, Ontario
June 5, 1968.

STANDARD PAVING &
(Incorporated under
and subsidiary

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
Year ended March 31, 1968

	1968	1967
Sales and contract revenue	\$36,795,846	\$40,924,973
Income from operations before the undernoted items	\$ 2,108,718	\$ 2,379,103
Income from investments	114,529	117,044
	<u>2,223,247</u>	<u>2,496,147</u>
Deduct		
Direct remuneration of directors and senior officers	164,600	154,250
Depreciation and depletion	1,762,901	1,729,020
Interest on long-term debt	20,979	26,167
	<u>1,948,480</u>	<u>1,909,437</u>
Income for the year before income taxes	274,767	586,710
Provision for income taxes	25,000	445,000
Net income for the year	249,767	141,710
Profit on disposal of properties	861,404	
Net income and special item	1,111,171	141,710
Retained earnings at beginning of year	8,393,226	8,891,701
	<u>9,504,397</u>	<u>9,033,411</u>
Dividends (1968 — 20 cents, 1967 — 62½¢ cents per share)	204,859	640,185
Retained earnings at end of year	<u>\$ 9,299,538</u>	<u>\$ 8,393,226</u>

AUDITORS' REPORT

To the Shareholders of
Standard Paving & Materials, Limited

We have examined the consolidated statement of financial position of Standard Paving & Materials, Limited and subsidiary companies as at March 31, 1968 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination of the financial statements of Standard Paving & Materials, Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For those subsidiary companies of which we are not the auditors, we have carried out such enquiries and examinations as we considered necessary in order to accept for purposes of consolidation the reports of their auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
May 21, 1968

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants

MATERIALS, LIMITED

(Incorporated in the Province of Ontario)

Companies

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 1968

CURRENT ASSETS	1968	1967
Cash	\$ 27,669	\$ 28,522
Accounts receivable	5,590,700	4,718,179
Tender and other deposits	529,885	495,309
Mortgages receivable, current portion	29,000	65,000
Income taxes recoverable	111,221	239,960
Inventories of materials and finished products at the lower of cost and net realizable value	1,783,313	1,625,610
Prepaid expenses	456,443	475,414
	<u>8,528,231</u>	<u>7,647,994</u>
CURRENT LIABILITIES		
Bank advances	45,704	1,339,468
Bank liability on tender accounts	469,150	407,598
Accounts payable and accrued	4,060,190	3,620,609
Dividend payable		102,430
Long-term debt, current portion	164,601	174,052
	<u>4,739,645</u>	<u>5,644,157</u>
Working Capital	3,788,586	2,003,837
MORTGAGES RECEIVABLE, excluding current portion	207,647	86,647
SPECIAL REFUNDABLE TAX	123,435	135,006
	<u>331,082</u>	<u>221,653</u>
PROPERTY, PLANT AND EQUIPMENT, at cost	30,076,250	30,002,419
Less accumulated depreciation and depletion	18,975,214	17,813,416
	<u>11,101,036</u>	<u>12,189,003</u>
	<u>15,220,704</u>	<u>14,414,493</u>
LONG-TERM DEBT, excluding current portion	1,063,800	1,080,401
DEFERRED INCOME TAXES	1,524,500	1,608,000
	<u>2,588,300</u>	<u>2,688,401</u>
Net Assets	<u>\$12,632,404</u>	<u>\$11,726,092</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 1,140,240 common shares of no par value		
Issued — 1,024,296 shares	\$ 3,332,866	\$ 3,332,866
Retained earnings	9,299,538	8,393,226
Shareholders' Equity	<u>\$12,632,404</u>	<u>\$11,726,092</u>

Approved on behalf of the Board

J. H. REID, Director.

GEORGE SCHOTCH, Director.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended March 31, 1968

SOURCE OF FUNDS

	1968	1967
Operations		
Net income for the year	\$ 249,767	\$ 141,710
Add charges not involving a current outlay of funds		
Depreciation and depletion	1,762,901	1,729,020
Deferred income taxes	(40,700)	387,600
	<u>1,971,968</u>	<u>2,258,330</u>
Profit on disposal of properties	861,404	
Mortgages receivable, reduction in non-current portion	59,000	65,000
Increase in long-term debt	150,000	159,101
	<u>3,042,372</u>	<u>2,482,431</u>

APPLICATION OF FUNDS

Additions to property, plant and equipment, net	674,934	2,344,673
Dividends	204,859	640,185
Increase in mortgages receivable	180,000	
Long-term debt, reduction in non-current portion	166,601	154,000
Reduction in deferred income taxes on disposal of properties	42,800	
Special refundable tax	(11,571)	135,006
	<u>1,257,623</u>	<u>3,273,864</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$1,784,749</u>	<u>\$ (791,433)</u>

DIVISIONS AND SUBSIDIARIES

AGGREGATES	<p>CONSOLIDATED SAND & GRAVEL, COMPANY GUELPH SAND AND GRAVEL, COMPANY</p> <ul style="list-style-type: none"> — production at plants in Paris, Guelph, Malton, Stouffville and Pickering of water-washed sand and gravel for use as aggregates in concrete products, precast and prestressed concrete, and ready-mix concrete; sand and gravel for road construction and railway ballast. — plants in Guelph, Paris and Toronto producing a complete range of asphaltic concrete for the pavement of roads and streets, parking lots, driveways, etc. <p>NATIONAL SAND AND MATERIAL COMPANY, LIMITED (subsidiary)</p> <ul style="list-style-type: none"> — the marine recovery of sand by the S.S. "Charles Dick" from underwater deposits in Lake Erie and Lake Ontario for use as aggregates by the construction industry.
READY-MIX CONCRETE & BUILDERS' SUPPLY	<p>CURRAN & BRIGGS READY-MIX COMPANY McCord & Company RED-D-MIX CONCRETE COMPANY</p> <ul style="list-style-type: none"> — mixed concrete for use in the construction of bridges, roadways, sidewalks and buildings, delivered from plants located at Ajax, Brantford, Burlington, Delhi, Guelph, Hamilton, London, Milton, Niagara Falls, Oshawa, St. Catharines, St. Thomas, Strathroy, Welland and Metropolitan Toronto. — sale of gypsum products, sewer and drainage pipe, sand and stone, plaster, portland cement and other builders' supplies from warehouses located in Metropolitan Toronto. — production at Hamilton of a complete range of asphaltic concrete for pavement of roads, streets, parking lots, driveways, etc. <p>YORK BLOCK AND BUILDING SUPPLY</p> <ul style="list-style-type: none"> — production at a plant in Toronto of concrete and lightweight block steam-cured by the autoclave (high pressure) or low pressure processes. Sale of masonry materials, sewer and drainage pipe and Angelstone.
CONCRETE PRODUCTS	<p>CONCRETE PIPE COMPANY</p> <ul style="list-style-type: none"> — production at plants in Toronto and London of reinforced and non-reinforced concrete sewer and water pipe; perforated concrete drainage pipe; precast concrete specialty items; horizontal and vertical elliptical pipe; inner circle oval linings.
CONSTRUCTION	<p>STANDARD PAVING COMPANY STANDARD PAVING MARITIME LIMITED (subsidiary)</p> <ul style="list-style-type: none"> — road building, including street and highway paving, airport runway construction and sidewalk and curb installation, operating out of district offices in Toronto, North Bay and Hamilton, Ontario; Hull, Quebec; Halifax and Kentville, Nova Scotia. <p>NORTH BAY CONCRETE & SUPPLY COMPANY</p> <ul style="list-style-type: none"> — production at plants in North Bay of sand, gravel and mixed concrete for use in the construction of bridges, roadways, sidewalks and buildings.

All operations, unless otherwise indicated, are divisions of S.P.&M. Materials Limited, now the Company's principal operating subsidiary.

LOCATIONS, PRODUCTS AND SERVICES

AJAX	Curran & Briggs Ready-Mix Company	Concrete, builders' supplies
BRANTFORD	Red-D-Mix Concrete Company	Concrete
BURLINGTON	Red-D-Mix Concrete Company	Concrete
DELHI	Red-D-Mix Concrete Company	Concrete
GUELPH	Guelph Sand and Gravel, Company Red-D-Mix Concrete Company	Sand, gravel, asphalt mixes Concrete
HALIFAX	Standard Paving Maritime Limited	Paving, asphalt mixes, road building
HAMILTON	Red-D-Mix Concrete Company Standard Paving Company	Concrete, asphalt mixes Paving, road building
KENTVILLE	Standard Paving Maritime Limited	Paving, asphalt mixes, road building
LONDON	Concrete Pipe Company Red-D-Mix Concrete Company	Concrete pipe Concrete
MALTON	Consolidated Sand & Gravel, Company	Sand and gravel
MILTON	Red-D-Mix Concrete Company	Concrete
NIAGARA FALLS	Red-D-Mix Concrete Company	Concrete
NORTH BAY	North Bay Concrete & Supply Company Standard Paving Company	Sand, gravel and concrete Paving and road building, asphalt mixes
OSHAWA	Curran & Briggs Ready-Mix Company	Concrete, builders' supplies
OTTAWA/HULL	Standard Paving Company	Paving and road building, asphalt mixes
PARIS	Consolidated Sand & Gravel, Company	Sand, gravel, asphalt mixes
PICKERING	Consolidated Sand & Gravel, Company	Sand and gravel
ST. CATHARINES	Red-D-Mix Concrete Company	Concrete
ST. THOMAS	Red-D-Mix Concrete Company	Concrete
STRATHROY	Red-D-Mix Concrete Company	Concrete
STOUFFVILLE	Consolidated Sand & Gravel, Company	Sand and gravel
TORONTO	Concrete Pipe Company Consolidated Sand & Gravel, Company McCord & Company Standard Paving Company York Block and Building Supply	Concrete pipe Sand, gravel, asphalt mixes Concrete, builders' supplies Paving and road building Concrete block, builders' supplies
WELLAND	Red-D-Mix Concrete Company	Concrete

STANDARD PAVING & MATERIALS, LIMITED

48 St. Clair Avenue West
Toronto 7, Ontario.

NOTICE OF THE ANNUAL MEETING OF THE SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders of Standard Paving & Materials, Limited will be held in the Library of the Royal York Hotel, 100 Front Street West, Toronto, Ontario, at Eleven o'clock, in the forenoon, Eastern Daylight Time, on Thursday, the 4th day of July, 1968, for the following purposes:

- (i) To receive, consider and if deemed appropriate to approve the financial statements with the report of the Auditors thereon and the report of the Directors for the year ended March 31, 1968.
- (ii) To elect Directors for the ensuing year.
- (iii) To appoint Auditors and authorize the Directors to fix the Auditors' remuneration.
- (iv) To transact such other business as may properly come before the meeting or any adjournment thereof.

DATED at Toronto this 6th day of June, 1968.

T. D. JONES,
Secretary.

If you do not expect to be present in person at the meeting it will be appreciated if you will complete and return the form of proxy accompanying this notice.

STANDARD PAVING & MATERIALS, LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Standard Paving & Materials, Limited (the Company) of proxies to be used at the Annual Meeting of Shareholders of the Company to be held at the time and place and for the purposes set forth in the notice of meeting. The cost of solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons designated in the enclosed form of proxy are directors of the Company. **A shareholder desiring to appoint some other person to represent him at the meeting may do so by striking out the names of the persons designated and by inserting such other person's name in the blank space provided in the form of proxy.** A person acting as proxy need not be a shareholder of the Company.

A shareholder who has given a proxy may revoke it by signing written notice of revocation and delivering it to the Secretary of the Company up to the day before the meeting or to the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The shares represented by the enclosed form of proxy will be voted, and where the shareholder giving the proxy specifies a choice with respect to any matter to be acted upon, the shares represented by the proxy will be voted in accordance with such specification.

The proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF, AND INTEREST IN MATERIAL TRANSACTIONS

The Company has outstanding 1,024,296 shares of no par value each carrying the right to one vote per share. Canada Cement Company, Limited owns 511,673 shares, being 49.95% of the outstanding shares of the Company. In the usual course of business the Company buys a substantial portion of its cement requirements from Canada Cement Company, Limited at prevailing market prices.

The directors and senior officers of the Company do not know of any other person or company beneficially owning, directly or indirectly, more than 10% of the outstanding shares of the Company.

ELECTION OF DIRECTORS

The board consists of seven directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth herein, all of whom

are now members of the board of directors and have been during the periods indicated. Each director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The following table states the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their present principal occupations or employment and any other principal occupations and employments within the five preceding years, the year in which they became directors of the Company, and the approximate number of shares of the Company beneficially owned directly or indirectly by each of them as of May 20, 1968. Mr. R. S. Aiken and Mr. J. B. Hanly are nominated at the request of Canada Cement Company, Limited.

	Became Director	Shares*
R. S. Aiken is a Vice-President, Director and Treasurer of Canada Cement Company, Limited, manufacturers of cement.	1963	320
S. C. Cooper is President and General Manager of C. A. Pitts General Contractor Ltd., heavy engineering construction contractors.	1967	62,835
J. B. Hanly is a Vice-President of Canada Cement Company, Limited, manufacturers of cement.	1963	600
I. L. Jennings is a Vice-President of the Company.	1966	810
D. G. Lawson is President of Moss Lawson & Co. Limited, Investment Dealers. Until December 1965 Mr. Lawson was Vice-President of Moss Lawson & Co. Limited.	1965	100
J. H. Reid is Chairman of the Board of the Company. Until July, 1965 Mr. Reid was President of the Company.	1957	100
George Schotch is President of the Company. Between November, 1964 and July, 1965 Mr. Schotch was first, Assistant to the President, then Executive Vice-President of the Company. Prior to November, 1964, he was General Manager of Supercrete Limited, Winnipeg, manufacturers of concrete products.	1965	500

(*The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.)

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Aggregate direct remuneration paid or payable by the Company and its subsidiaries in the year ended March 31, 1968 to the directors and senior officers of the Company	\$ 164,600
Estimated aggregate cost to the Company and its subsidiaries in the year ended March 31, 1968 of all pension benefits proposed to be paid to the directors and senior officers of the Company under any normal pension plan in the event of retirement at normal retirement age	\$ 5,550

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the appointment of Messrs. Thorne, Gunn, Helliwell and Christenson, Chartered Accountants, Toronto, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders and to authorize the Board to fix their remuneration. Messrs. Thorne, Gunn, Helliwell and Christenson and the predecessors of that firm have been auditors of the Company for more than five years.

By order of the Board of Directors,

T. D. JONES,
Secretary.

Toronto, Ontario,
June 6, 1968.

